

**NORTH LOUISIANA ECONOMIC
DEVELOPMENT CORPORATION
MONROE, LOUISIANA
DECEMBER 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/28/10

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

MONROE, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLP

CERTIFIED PUBLIC ACCOUNTANTS

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June 29, 2010

To the Board of Directors
North Louisiana Economic Development Corporation
Monroe, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of financial position of North Louisiana Economic Development Corporation (a nonprofit Corporation) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Louisiana Economic Development Corporation as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010, on our consideration of North Louisiana Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of North Louisiana Economic Development Corporation taken as a whole. The accompanying financial information listed as *Other Supplementary Information in the Table of Contents* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

<u>Current assets:</u>	
Cash and cash equivalents	148,152
Accounts receivable	8,700
Unconditional promises to give	651,563
Prepaid expenses	<u>6,129</u>
Total current assets	814,544
<u>Other:</u>	
Unconditional promises to give-long-term	609,056
<u>Fixed assets:</u>	
Office furniture and equipment	36,060
Less-accumulated depreciation	<u>(29,271)</u>
Net fixed assets	<u>6,789</u>
Total assets	<u>1,430,389</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>	
Accounts payable	81,180
<u>Net assets:</u>	
Unrestricted	88,590
Temporarily restricted	<u>1,260,619</u>
Total net assets	<u>1,349,209</u>
Total liabilities and net assets	<u>1,430,389</u>

The accompanying notes are an integral part of the financial statements.

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support			
Local governments	10,000	19,953	29,953
State of Louisiana	29,250	-	29,250
Private funding	<u>22,324</u>	<u>72,190</u>	<u>94,514</u>
Total	61,574	92,143	153,717
Net assets released from restrictions:			
Local governments	70,000	(70,000)	-
Private funding	272,514	(272,514)	-
Less-uncollectible promises			
Local governments	-	(261,664)	(261,664)
Private funding	<u>-</u>	<u>(505,332)</u>	<u>(505,332)</u>
Total support	404,088	(1,017,367)	(613,279)
Revenue			
Interest income	1,110	-	1,110
Other income	<u>28</u>	<u>-</u>	<u>28</u>
Total revenue	<u>1,138</u>	<u>-</u>	<u>1,138</u>
Total support and revenue	405,226	(1,017,367)	(612,141)
Expenses			
Operating			
Personnel cost	247,815	-	247,815
Marketing and communication	88,200	-	88,200
Professional development	2,915	-	2,915
Strategic planning	44,361	-	44,361
Loss on disposal of fixed assets	1,228	-	1,228
Administrative	<u>72,532</u>	<u>-</u>	<u>72,532</u>
Total expenses	<u>457,051</u>	<u>-</u>	<u>457,051</u>
Change in net assets	(51,825)	(1,017,367)	(1,069,192)
Net assets, beginning of year	<u>140,415</u>	<u>2,277,986</u>	<u>2,418,401</u>
Net assets, end of year	<u>88,590</u>	<u>1,260,619</u>	<u>1,349,209</u>

The accompanying notes are an integral part of the financial statements.

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Cash flows from operating activities:</u>	
Change in net assets	(1,069,192)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,700
Uncollectible promises	766,996
Loss on disposal of fixed assets	1,228
Changes in operating assets and liabilities:	
Unconditional promises to give (current)	176,624
Unconditional promises to give (long-term)	93,509
Prepays and other	(458)
Accounts receivable	(8,700)
Accounts payable	80,644
Total adjustments	<u>1,112,543</u>
Net cash provided by operating activities	43,351
<u>Cash flows from investing activities:</u>	
Purchase of furniture and equipment	<u>(5,948)</u>
Net cash (used) by investing activities	<u>(5,948)</u>
<u>Net increase in cash and cash equivalents</u>	37,403
<u>Cash and cash equivalents at beginning of year</u>	<u>110,749</u>
<u>Cash and cash equivalents at end of year</u>	<u>148,152</u>

The accompanying notes are an integral part of the financial statements.

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

1. Summary of Significant Accounting Policies

Nature of Operations

North Louisiana Economic Development Corporation (the Corporation) is a nonprofit organization, which was incorporated on April 26, 1989, as the Ouachita Enterprise Corporation, for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita." On June 18, 1997, the name of the Corporation was changed to Ouachita Economic Development Corporation to more accurately reflect the purpose of the non-profit organization.

On January 5, 2009, the Corporation changed its name from Ouachita Economic Development Corporation to North Louisiana Economic Development Corporation. This was intended to more clearly reflect its economic development promotions and activities in four additional parishes (Jackson, Lincoln, Morehouse, and Union), as well as "foster the economic development and the creation of quality jobs for the parishes of northern Louisiana through a comprehensive economic development program."

In August 2009, the Corporation entered into a Memorandum of Understanding with the Northwest Louisiana Economic Development Foundation to explore the desirability of merging the two organizations into one economic development organization which would serve the fourteen parishes in north Louisiana. Those parishes include Bienville, Bossier, Caddo, Claiborne, DeSoto, Lincoln, Natchitoches, Red River, Sabine, and Webster. A planning committee was formed to develop a comprehensive plan to effectuate the merger by the end of the 2010 calendar year. The Board of Directors for both the Foundation and the Corporation will be empowered to utilize joint resources to promote economic development in the Region. The name of the new organization will be the North Louisiana Economic Partnership.

The Foundation is party to an Expense Reimbursement Agreement with the Greater Shreveport Chamber of Commerce (the Chamber) whereby the Chamber provides certain services to the Foundation. The Corporation in August 2009 also joined as a party in the Expense Reimbursement Agreement with the Chamber. In August and September, the Corporation paid half of the salary and benefits of the President of the Partnership. In September 2009, the Corporation began sharing substantially all of the expenses of the Foundation including salaries of the employees. Beginning November 1, 2009, the employee of the Corporation became an employee of the Chamber and all taxes and benefits were paid by the Chamber and this salary has been included in the Expense Reimbursement since that date.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants.

The Corporation adopted FASB ASC 958.10 and FASB ASC 958.205 effective January 1, 1996. In accordance with FASB ASC 958.10, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature and/or existence of any donor-imposed restrictions. ASC 958.10 requires that such contributions be reported as temporarily restricted support

1. **Summary of Significant Accounting Policies** (Continued)

and are then reclassified to unrestricted net assets upon expiration of the related time restriction. Under ASC 958.205, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Furniture and Equipment

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments of \$500 or more that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets, which generally are either eight years for furniture and fixtures and five years for office equipment.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Corporation is required to review various tax positions it has taken with respect to its exempt status and determining whether in fact it continues to qualify as a tax exempt entity. In addition, as a tax exempt entity, it must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Corporation does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense; none have been recorded.

The Corporation is required to file U. S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2006 and beyond remain subject to examination by the Internal Revenue Service.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Advertising Costs

Costs of advertising are expensed when incurred.

2. **Cash and Investments**

The Corporation's cash consists of two accounts with an area financial institution totaling \$146,130 at December 31, 2009. There is an investment at the same financial institution with an equity account and a cash account with balances at December 31, 2009 in the amount of \$2,000 and \$22, respectively.

3. **Unconditional Promises to Give**

Unconditional promises to give consist of the following:

3. **Unconditional Promises to Give** (Continued)

Long-term:	
Gross unconditional promises to give	619,200
<u>Less-unamortized discount</u>	<u>(10,144)</u>
Net unconditional promises to give	<u>609,056</u>
Amounts due in:	
One year or less	651,563
Two or four years	<u>609,056</u>
Total	<u>1,260,619</u>

Contributions are recognized when the donor makes a promise to give the Corporation that is, in substance, unconditional. Contributions that are allocable for the current year are reported as increases in unrestricted net assets. All contributions pledged for future years are reported as increases in temporarily restricted net assets. Collection of cash or write-off for uncollectibility releases temporarily restricted funds from restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give for 2008 due in more than one year are recognized at fair value using present value techniques and a discount rate of .37% for 1 year and .76% for 2 years. New 2009 unconditional promises to give due in more than one year are recognized at fair value using present value techniques and a discount rate of .47% for 1 year, 1.14% for 2 years and 1.7% for 3 years.

During the current year, management reassessed the collectibility of the 2008 promises to give and determined that a number of them were uncollectible. The amounts considered uncollectible were \$261,664 for local governments and \$505,332 for private funding. These losses are reflected in the Statements of Activities.

4. **Operating Leases**

The Corporation leases its office space. In March 2008, a 12-month lease was signed with an effective date of April 1, 2008 and a monthly rental payment of \$932. The amount of \$932 per month was paid through August 2009. In anticipation of the merger with the Northwest Louisiana Economic Development Foundation, the Corporation leased a larger office in the same building. The new lease agreement has a monthly rent of \$2,331 and a lease term of 24 months from the commencement date of September 1, 2009. The first and last month's lease are required as a security deposit. Total rent expense for 2009 was \$16,780.

The following is a summary of the future minimum lease payments:

2010	27,972
2011 (end of lease term)	<u>18,648</u>
	<u>46,620</u>

5. **Concentrations of Credit Risk**

Approximately 22% of the revenues recognized in 2009 were from the local governments. The unconditional promises to give at December 31, 2009 were 33% from local governments and 67% from private funding. The Corporation does not require any collateral in support of promises to give.

6. **Employee Pension Plan**

The Corporation provided a simplified employee pension plan for eligible employees. To participate in the plan, employees must be at least 21 years of age, employed one year and have received at least \$396 in compensation for services during the current year. The Corporation contributed 6% of participating employees' earnings. The Corporation contributed \$3,058 for the year ended December 31, 2009. Beginning November 1, 2009, the Corporation's only employee became an employee of the Greater Shreveport Chamber of Commerce and the employee's salary and related expenses are included in the *expense reimbursement as described in Note 1.*

7. **Risk of Loss**

The Corporation is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Corporation finances these potential losses through purchasing insurance. The level of coverage has remained constant. At this time, there are no known claims against the Corporation.

8. **Related Parties**

The office space leased by the North Louisiana Economic Development Corporation is in an office building which is owned by a business in which a member of the board of directors is a part owner.

9. **Subsequent Event**

The Corporation has evaluated subsequent events through June 29, 2010, the date which the financial statements were available to be issued. Management is not aware of any significant subsequent events as of this date.

OTHER SUPPLEMENTARY INFORMATION

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Personnel costs:</u>	
Wages and salaries	189,204
Payroll taxes	7,123
Retirement	3,058
Insurance	11,930
Personnel services-Chamber	<u>36,500</u>
Total personnel costs	247,815
<u>Marketing and communication:</u>	
Entertainment	207
Business relations	15,592
Advertising	53,293
Professional services	1,852
Travel and lodging	10,398
Business meals	3,315
Mileage reimbursement	2,679
Materials	221
Web site development and maintenance	<u>643</u>
Total marketing and communication	88,200
<u>Professional development:</u>	
Travel and lodging	2,117
Tuition and fees	<u>798</u>
Total professional development	2,915
<u>Strategic planning:</u>	
Consultants	<u>44,361</u>
Total strategic planning	<u>44,361</u>
Total operating expenses	<u>383,291</u>

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009

Office expenses:

Rent	16,780
Telephone	6,609
Bank charges	1,564
Office	1,224
Postage	356
Printing	1,365
Supplies	1,621
Dues and subscriptions	1,850
Insurance-office	3,928
Legal and professional fees	<u>19,839</u>
Total office expenses	55,136

Equipment, maintenance and rental:

Equipment, maintenance and leases	3,991
Shared expenses-equipment	<u>6,342</u>
Total equipment, maintenance and rental	10,333

Travel and meetings:

Meetings	176
Gas, mileage and maintenance	<u>476</u>
Total travel and meetings	652

Other expenses:

Depreciation	2,700
Miscellaneous	3,170
Taxes and licenses	107
Contract labor	<u>434</u>
Total other expenses	<u>6,411</u>

Total administrative expenses 72,532

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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June 29, 2010

The Board of Directors
North Louisiana Economic Development Corporation
Monroe, Louisiana

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of North Louisiana Economic Development Corporation as of and for the year ended December 31, 2009, and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Louisiana Economic Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Louisiana Economic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Louisiana Economic Development Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Louisiana Economic Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which

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could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and the agencies granting funds to the Corporation, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Heard, McElroy & Vestal, LLP

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2009

We have audited the financial statements of the North Louisiana Economic Development Corporation as of and for the year ended December 31, 2009, and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

NORTH LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2009

No matters were reported in the prior year.